

STATE ADMINISTRATION
MARCH 9, 1981
RM 436

The meeting of the House State Administration Committee was called to order at 8:00 a.m., March 9, 1981, with Chairman Jerry Feda presiding. All members were present except Representative Kropp who was excused.

Chairman Feda opened the meeting to a hearing on SB 71.

SENATE BILL 71-SPONSOR, Senator Bob Brown, introduced this bill which requires the Legislative Council to distribute one copy of the Montana Code Annotated without annotations to each depository and federation headquarters library in the state. The state law library will receive four copies of the code with annotations. (Annotations are explanatory notes relating to sections of the law. They include official comments, compiler's comments, cross-references to administrative rules, case notes, digests of attorney general's opinions, references to law review articles, and collateral references.)

PROPOSERS

CLAIR ENGEL, State Law Library, stated that this bill simply allows distribution of these codes to state depository and federation libraries and makes them more readily available to the public.

J. D. HOLMES, Montana Institutes of the Arts Foundation, stated that in many areas of the state, especially smaller communities, people do not have ready access to the codes. The only place they can use them is at the county attorney's or the district judge's office. He said that there would be a total of 15 sets of codes distributed. Six (6) sets to state depository libraries in Billings, Miles City, Glasgow, Missoula, Great Falls and Kalispell; one (1) set to the Bozeman library, four (4) sets to the university systems in Billings, Havre, Butte and Dillon and the other four (4) sets would go to the state law libraries and would include annotations. The eleven (11) sets without annotations cost \$100 a set and the four (4) sets with annotations cost \$275 per set. Mr. Holmes said this would be a total of about \$1,800. (It was brought out in executive session that the actual amount would be \$2,200.) Mr. Holmes said that Diana Dowling of the legislative council has suggested that one way to absorb this cost would be to raise the cost of the codes sold to the public by \$1 per set.

OPPONENTS SB 71

There were no opponents present to testify on this bill.

QUESTIONS BY THE COMMITTEE:

Spilker: Is it possible that the libraries have not been getting enough requests from people to use the codes and therefore have felt it was not necessary to use money from their budgets to buy the codes?

Engel: I don't think this is the case. They do not have the money in the budget for the codes.

SENATE BILL 325-SPONSOR, Senator Stephens, introduced this bill which sets the salary range for a chief probation officer at a minimum of \$17,000 a year and a maximum of \$22,000 a year. The bill further requires the youth court of the district court to annually increase this salary by a percentage of the previous year's consumer price index. Senator Stephens gave a brief description of the job and type of work these people do, relating to the committee that this is a "special kind of job which requires a special kind of person". He stated that this field has a very low job turnover and this bill would help to maintain that status. The people in this field, he stated, are well educated people most of whom have bachelor degrees and several with masters.

PROPOSERS

MIKE REDPATH, Probation Officer, Great Falls, related to the committee some of the different areas of responsibility of a probation officer including developing their own budget, dealings with all organizations that have services for juveniles, working with families and individual groups and working with the Department of Institutions and the school districts.

GLEN HUFSTETLER, Probation Officer's Assoc., Kalispell, stated that there are currently in Montana, 64 full time probation officers. None of these has received GED. He stated that 76% have bachelors and 12 % have masters. There are 17 more working on their masters, when they have completed this, there will be 40% with masters.

JEREMIAH JOHNSON, Probation Officer's Assoc., Missoula, pointed out to the committee that the appropriations for this bill are not situated in one single county. The

SB 325 (cont.)

salaries are paid by the county and the amount they pay will vary depending on whether they are multi or single county judicial districts.

OPPONENTS

None

MIKE STEPHEN, Montana Assoc. of Counties, stated that they are not really opposed to the bill but are in a "grey area" concerning this issue. He said that much of the language in this bill is consistent with bills that are being considered in the House. We have a question, he stated, as to why this bill is not being heard in the Local Government Committee with other bills concerning increases in county wages. He said their concern is that the county is able to pay the increases and possibly this increase is higher than some others being proposed in local government.

QUESTIONS BY THE COMMITTEE:

Pistoria: When did you recieve your last raise?

Hufstetler: Two (2) years ago.

Pistoria: Do you use your own car on the job?

Redpath: Yes.

Sales: What is the justification for the cost of living factor in this bill? I have a problem with this type of thing.

Stephen: I know this is a difficult problem, but the intent of this cost of living adjustment is to eliminate the problem of having to come to the legislature every two years to plead for salary increases.

Spilker: I agree that they should not have to come back every session but I think they should be on the salary scale instead of having a COLA.

Stephen: You are talking about a matrix set up for an individual group. The probation officers are not against that but the Senate amended that out of the original bill.

Senate Bill 325 (cont.)

Phillips: There is a significant cost factor involved but we do not have a fiscal note.

Stephen: There is no fiscal note but if all of the 64 officers in the state got a \$2,000 increase it would be \$128,000.

Senator Stephens closed the hearing on SB 325.

SENATE BILL 204-SPONSOR, Senator Steve Brown, introduced this bill which states that age is a valid, bona fide occupational qualification for the position of firefighter. It raises the maximum age at which a firefighter may be hired from 31 years to 34. Senator Brown said that this bill came about as a result of a call he received from a constituent who had taken the tests and passed the physical to become a firefighter but because he was 32 he did not qualify. He stated that after checking with several other systems he has found that 35 is the average maximum age limit for hiring if there is any limit at all.

PROPOSERS

AL SAMPSON, Montana State Firechiefs Assoc., stated that they have had some problems with the federal people concerning the legality of having an age limit and there is a possibility that they have no grounds for this limit anyway, therefore, they have no objection to this bill other than the possible impact on the retirement disability program. He stated that the average age of a new firefighter is twenty-six and a situation such as Senator Brown cited is very unusual so the impact would probably be very minimal.

HARRY CRAWFORD, Montana State Firefighter's Assoc., stated that they reluctantly support this bill.

OPPOSERS

There were no opposers present to testify on SB 204.

QUESTIONS BY THE COMMITTEE:

Sales: If a firefighter doesn't start until he is 34 and he would have to work 20 years before getting retirement he would be 54 before he could retire and I do not think a person that age could keep up the pace of the job.

Brown: I think this depends on the physical condition of the individual. I believe yearly examinations are given. If a person did not pass the examination they would not be allowed to continue fighting fires.

Sampson: The yearly examinations are not mandatory but if we think a person needs one then they have to have it.

Brown: This is where the question of whether or not any age limit is valid comes in. It all depends on the individual.

Mueller: Isn't it correct that every year that we increase the age limit there is a greater chance that that person will be on disability.

Sampson: The average age of hiring is twenty-six so I do not believe there would be a significant difference but my main problem is that we get firefighters from out of state who have been laid off and apply for work in our departments. These people have experience and are qualified but they are older and have several years of service in. We will be stuck for paying their pensions a few years down the road if we have no grounds for not hiring them.

Senator Brown closed the hearing on SB 204. He said that if this bill does not pass there will more than likely be court proceedings brought against the department and, he stated, I do not think that would be the way to handle this problem.

SENATE BILL 15-SPONSOR, Senator Mazurek, introduced this bill which removes the ceilings on the interest rates for county and municipal general obligation bonds, municipal revenue bonds, television district revenue bonds, local improvement district bonds, urban renewal bonds, smoke abatement project bonds, county hospital and nursing home bonds, and school district bonds. It also permits political subdivisions to determine the interest rates on these bonds for approximately two years beginning on passage and approval of this bill and ending July 1, 1983. In addition, it suspends the 7% cap on interest rates for county and municipal general obligation bonds during this period. Senator Mazurek gave several examples of county projects, nursing home projects, hospital extensions etc. that can not go forward because of these interest rate limitations. Most of the ceilings are at 7 or 9 %, he stated, the 7% applying to

SB 15 (cont.)

general obligation bonds, the 9% to revenue bonds and there are other various bonds with different limitations. This bill would allow the local government entity to set the ceiling. There was some concern in the Senate Taxation committee, he stated, that some of these smaller districts may not be able to sell their bonds at the market rate. But some of the comments I have received and some of the testimony you will hear show that they are aware of what the rates are and what they should be able to sell their bonds for. This bill will allow them to set a notice above the market rate. Senator Mazurek said that one of the problems we have with the present system is the "floating ceiling". In the bond market there is no government indicator that you can tie this floater to because the bond market moves by itself. The only indicator is the "Bond Buyers Index" and that is a private index. If we used that we would be setting the state law by a private reference source. He pointed out that there is very good competition for bonds in Montana at this time. He stated that the amendment in the Senate to suspend the interest rates for two years addresses the concern about the ability of smaller governments to sell their bonds.

PROPOSERS

BILL VERWOLF, City of Helena, concurred with Senator Mazurek and added that if they wait until the market comes down to where these bills are legal they would incur a construction cost that would more than offset a slight raise in interest that they may get now.

CHAD SMITH, Montana School Board Assoc., stated that with the fixed interest rate of 7% on bonds there is no way you can sell school district bonds. With the prime interest rate at 18 to 20% and the money market rate at 14 or 15% there is no market for municipal bonds at 7%. Presently there isn't even a way to replace a school building that might burn down. There is no relief regardless of the emergency. The construction that school districts enter into is construction approved by the voters. They will be the ones under this bill to determine whether or not the construction sought is important enough to proceed at the going rate of interest on bonds at that time. This provides a check against bonds being offered without the consent of the taxpayers. Mr. Smith stated that they have some concern about the termination clause which requires this to be presented before the legislature again in two years but they are willing to go along with it.

SB 15 (cont.)

MRS. CARROLL GRAHAM, appearing on behalf of Big Horn County as Chairman of the Nursing Home Planning and Advisory Committee, stated that they are at a complete stand still on their nursing home project until the general obligation bonds can be sold. She said they have contacted firms from New York to Montana and there is no way they will buy bonds at 7% interest when they can get more for their money most anywhere else. She said that there are many other counties that are having this same kind of problem with selling bonds.

JOHN CAMPBELL, Schoold District No. 1, stated support of the bill for the same reasons mentioned by the other proponents.

LARRY HUSS, Montana Contractors Assoc., stated that as builders they wanted to reassure the committee that with the inflationary spiral we are in today the construction costs will continue to escalate at a much higher rate than a few percentage points being considered in a free market situation for selling bonds.

MIKE STEPHEN, Montana Assoc. of Counties, stated support of the bill for reasons mentioned by other proponents.

DAN MIEZNER, Montana League of Cities and Towns, concurred with other proponents.

BRUCE MACKENZIE, D.A. Davidson & Co., stated that they worked very closely with Senator Mazurek in helping to draft and coordinate this bill. He said it has been along time since they have been able to say "yes" to some projects and they are tired of saying "no".

DAVE GOSS, Billings Chamber of Commerce, stated that they have a 3.5 million dollar water expansion project and they have been unable to sell the bonds in order to complete this project.

MR. WILLIAM CROWLEY, G. T. Murray & Co., concurred with other statements made and stated that Montana firms compete with all other borrowers for the right to borrow the money available in these pools. If we wait for the interest rates to come down, he stated, we may be waiting for a long time because there are so many projects nationwide as well as state-wide that are more than willing to finance their projects at interest rates considerably higher than the maximum interest rates in Montana.

SB 15 (cont.)

CLIFF CHRISTIAN, Montana Assoc. of Realtors, stated that this bill does affect SID's and hopefully they will soon be back in the business of building homes for Montanan's.

JOHN CADBY, Montana Bankers Assoc., stated that the Montana bankers would rather buy an in-state bond than an out-of-state bond if he has the opportunity to buy them at a good rate.

AL SAMPSON, City of Missoula, urged the committees rapid favorable consideration of this measure.

OPPONENTS

There were no opponents present to testify on SB 15.

QUESTIONS BY THE COMMITTEE:

Sales: Could you explain "call features" and are any of them mandatory?

MacKenzie: There are statutory mandated call features on general obligation bonds. The call feature is a protection for the long term bond holder to insure that he has the tax break for a long period of time. I believe that the statutory obligation is five (5) years on general obligation bonds and on revenue bonds it is negotiated between the purchasers. During this you have refunding privileges which means that if the interest rates come down you can call the bonds by issuing additional bonds at a lower interest rate and pay off the other bonds.

Sales: The five (5) year call feature only applies to general obligation bonds?

MacKenzie: I believe so, I would have to look in the statutes to check this.

Sales: How can we change this percentage when the voters voted on the issue knowing that it was a 7% limit?

Mazurek: I have this letter from William A. Johnstone that I will enter into the record in regard to that question. (SEE EXHIBIT 1)

Senator Mazurek closed the hearing on SB 15. He said that there seems to be concern about the high interest rates but the difference between statutory limitation

SB 15 (cont.)

and what the market rate is now is only about 2% which is not a big increase.

SENATE BILL 26-SPONSOR, Senator Norman, introduced this bill which requires all industrial development revenue bonds to be filed with the securities commissioner but provides that failure to file does not affect the validity of the bond issue. The intent of the congress, he stated, when they passed this type of legislation was that there would be a tax break for people who bought revenue bonds. These bonds can be sold at a discount because of this tax break. This bill merely says that the bonds will be registered with the state so that over the years we can keep track of how many bonds are being issued. It also provides information stating who issues the bonds, for whom, the amount and the date of issue. There would be no cost to the state.

PROPONENTS

RICK TUCKER, Chief Deputy Security Division, stated support of this bill mostly for the reason that it will help later on with enforcement. Only those industrial government revenue bonds that would fill some exemption within the securities act are not now registered with the department. This would not require these other industrial development bonds to be registered only that they be filed. This would just serve as a notice and provides for us to keep a complete list of all industrial revenue bonds sold within the state of Montana.

Bruce MacKenzie, D.A. Davidson & Co., stated that they support the bill.

OPPONENTS

There were no opponents present to testify on SB 26.

QUESTIONS BY THE COMMITTEE:

Sales: Are there any limitations on industrial revenue bonds as far as interest rates?

SB 26 (cont.)

MacKenzie: It would depend on your interpretation of limitation. There is a 9% coupon limitation in the statutes. There is no limitation on the discount that the bonds can be sold for.

Sales: Is there anything in the law that says that general obligation bonds or the bonds we discussed in SB 15 cannot be discounted?

MacKenzie: There are restrictions on what we can bid for the bonds. On general obligation bonds we have to buy them at "par". The same is true with SID bonds. Some bonds we can buy at a discount.

Spilker: Who would be responsible for filing the bonds?

Norman: The issuer of the bond.

Smith: How will you enforce this if there is no penalty?

MacKenzie: I do not believe you need a penalty because they would have to meet this requirement in order for the bond council to give their opinion that the bonds were valid. Without tax exempt status the bonds would not sell.

Senator Norman closed the hearing on SB 26.

EXECUTIVE SESSION

SENATE BILL 15

BE CONCURRED IN
AS AMENDED

Lois Menzies, staff researcher, pointed out a clerical error in the bill. A copy of the amendment is attached.

Representative Sales moved that the bill be amended to delete section 17 on page 26. Discussion on this amendment followed.

Representative Sales said that he did not understand how it could be legal to change the interest rate without another election after the people have already voted on it.

Representative Spilker said that from the testimony it was pointed out that the cost of construction going up as it is it will probably be a "wash".

EXECUTIVE SESSION (cont.)

SB 15

Representative Phillips said that the voters are probably more concerned with the issue than with the interest rate.

Representative Sales said that there is still a cost factor to consider.

Representative Feda said that with the two year termination date in the bill, he would have to oppose the amendment.

A vote was taken on the motion to amend the bill by removing section 17. Motion failed with 2 YES and 14 NO. Representatives Ryan and Sales voted yes. Representatives Azzara and Smith abstained and Representative Kropp was absent.

A vote was taken on the amendment to correct the clerical error pointed out by Lois Menzies. A vote was unanimous.

Representative O'Connell made a motion that SB 15 BE CONCURRED IN AS AMENDED. A vote was taken and carried with 17 YES, 1 NO and 1 absent. Representative Sales voted no.

Representative Azzara was assigned to carry SB 15 in the House.

SENATE BILL 26

BE CONCURRED IN
AS AMENDED

Lois Menzies pointed out that the bill needed a grammatical amendment.

A motion was made to amend SB 26 (SEE EXHIBIT 2).
Vote carried unanimously.

Representative Kanduch moved that SB 26 BE CONCURRED IN AS AMENDED. A vote was taken and carried unanimously.

Representative Sales was assigned to carry SB 26 in the House.

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EXECUTIVE SESSION (cont.)

SENATE BILL 71

BE CONCURRED IN

Representative Sales moved that SB 71 BE CONCURRED IN. He pointed out to the committee that the figures quoted by Mr. Holmes were incorrect but that this amount is not significant.

A vote was taken and carried unanimously.

Representative McBride was assigned to carry SB 71 in the House.

SENATE BILL 204

BE CONCURRED IN

Representative Sales made an motion that the age be amended back to 31 but the section stating that age is a valid bona fide occupational qualification be passed. He said this should be part of the law no matter what the age limit is. Discussion on this motion followed.

Some of the committee felt this would be changing the intent of the bill since the original intent was to raise the age and the "bona fide occupational qualification" was amended in by the Senate.

Representative Spilker said that the committee could amend the age to 32.

Representative Mueller made a motion that the age be amended to 32. A vote was taken and failed .

Representative Smith made a motion that SB 204 BE NOT CONCURRED IN. A roll call vote was taken and failed with 7 YES, 11 NO and 1 absent.

A motion was made to reverse the vote. Motion carried unanimously. SB 204 BE CONCURRED IN 11 - 7. See roll call vote sheet for vote.

Representative Winslow was assigned to carry SB 204 in the House.

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EXECUTIVE SESSION (cont.)

SENATE BILL 325

NO ACTION TAKEN

Representative Spilker said that the committee should consider holding this bill until they can get further information concerning other salary increase requests or until they can see what happens to SB 50 which will be heard in Local Government Committee this week.

The committee agreed to hold SB 325.

A motion was made to adjourn at 10:30 a.m.

Respectfully submitted,



G. C. "JERRY" FEDA, Chairman

Cathy Martin-Secretary

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January 12, 1981

Mr. Bruce MacKenzie
Vice President and
General Counsel
D.A. Davidson & Co.
P.O. Box 5015
Great Falls, Montana 59403

Dear Mr. MacKenzie:

You have requested our comments on the validity of a provision of a suggested amendment to the laws of Montana concerning the rate of interest borne by bonds of political subdivisions of the State of Montana. The provision would permit political subdivisions to issue and sell bonds heretofore authorized at rates within the limits of the amendment, notwithstanding that the rates exceeded the maximum permitted at the time of authorization or exceeded the limits set forth in the question submitted to the electors of the political subdivision.

Presumably the purpose of the provision is to permit political subdivisions to proceed to issue and sell bonds authorized by the electors but not sold because of interest rate limitations, without the necessity, and cost and time incident thereto, of conducting another election. The rationale being that the electors gave approval to the proposed bond issue and the maximum rate of interest to be borne by the bonds was not a factor of such significance in their approval as to warrant the delay and expense of conducting another election.

If the legislature should make the public policy decision approving such a provision, we believe the provision would be valid. The requirement of an election to approve bonds and the inclusion of the interest rate limitation in the ballot are not required by the state constitution, but are requirements with respect to certain bonds of political subdivisions imposed solely by the legislature. Accordingly, if the legislature so determined it could dispense with the requirement of an election or the requirement of including the interest rate limitation in the ballot. The Montana Supreme Court in Weber v. City of Helena, 297 P. 455 (Mt. 1931) has adopted the general rule that the legislature may adopt legislation

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Bruce MacKenzie
January 12, 1981

retrospectively with respect to the power of a political subdivision. In Weber the principal was involved to uphold the validity of a bond validating act in curing defects in the conduct of a special bond election which the Supreme Court had previously held to be invalid. The Court reasoned that the legislature had the power to authorize the City of Helena to issue its bonds without an election or upon such terms as the legislature determined, consistent with constitutional requirements, and accordingly could enact general legislation which validated the election notwithstanding that certain provisions of law relating to the conduct of the election had not been observed.

The holding and reasoning of the court in Weber are directly applicable to and dispositive of the question raised by the proposed amendment. The legislature has the power under the Montana constitution to authorize a political subdivision to issue and sell its bonds without an election and bearing interest within such limitation as the legislature shall determine. And, had the election been improperly called, noticed or conducted, or had the bonds been issued and sold at a rate higher than the statute permitted, the legislature could have cured the defects and validated the bonds. Therefore, it appears to us that the legislature may authorize, by general law, political subdivisions to issue and sell bonds at a rate of interest higher than that authorized by the electors and by the statute in effect on the date of the election.

If you have any questions regarding the foregoing, please let us know.

Sincerely yours,



William A. Johnstone

WAJ:cmn

submitted by
S. Mazurek

	State GO (%)	State Revenue (%)	State Agency (%)	State Notes (%)	Local GO (%)	Local Revenue (%)	Local Agency (%)	Local Notes (%)	Renewal Notes (%)	Housing Notes (%)
ALABAMA 1.....	8	U	V	U	V	V	V	V	0	0
ALASKA 2.....	10	10	V	10	V	V	V	V	7	0
ARIZONA 3.....	0	0	0	0	0	0	0	0	0	0
ARKANSAS 4.....	U	U	V	V	6	V	V	V	10	10
CALIFORNIA 5.....	9	V	V	9	10	V	10	0	10	10
COLORADO 6.....	0	0	0	0	0	0	V	0	0	0
CONNECTICUT.....	0	0	0	0	0	0	0	0	0	0
DELAWARE.....	0	0	0	0	V	V	V	V	6	6
FLORIDA 7.....	V	V	V	V	V	V	V	V	V	V
GEORGIA.....	0	0	0	0	0	9	9	0	0	0
HAWAII 8.....	9½	0	N	9½	0	0	N	0	6	8
IDAHO.....	N	U	U	0	V	U	U	0	0	0
ILLINOIS 9.....	V	N	V	U	V	V	V	V	7	9
INDIANA 10.....	N	N	0	N	0	0	0	0	0	0
IOWA 11.....	10	10	U	U	10	10½	V	V	10	10
KANSAS.....	N	0	12	U	12	12	N	12	12	12
KENTUCKY.....	0	0	0	0	0	0	0	N	0	0
LOUISIANA.....	0	0	0	0	0	0	0	0	0	0
MAINE.....	0	U	V	0	0	0	V	0	6	0
MARYLAND.....	0	V	0	0	V	V	V	V	0	0
MASSACHUSETTS.....	0	0	0	0	0	0	0	0	0	0
MICHIGAN 12.....	0	13	13	0	13	13	13	V	13	13
MINNESOTA 13.....	0	0	0	U	12	12	12	12	12	12
MISSISSIPPI 14.....	V	V	N	U	8	V	V	8	10	8
MISSOURI 15.....	N	N	V	N	14	14	14	V	14	6
MONTANA.....	0	0	0	0	7	9	7	U	9	0
NEBRASKA 16.....	0	0	0	0	0	0	0	0	9	0
NEVADA.....	9	9	N	9	9	9	0	9	9	9
NEW HAMPSHIRE.....	0	0	0	0	0	0	0	0	10	10
NEW JERSEY 17.....	0	0	0	N	0	0	U	0	0	0
NEW MEXICO.....	8	8	8	U	8	8	8	U	8	8
NEW YORK 18.....	0	N	0	0	V	N	0	0	0	0
NORTH CAROLINA.....	0	0	0	0	0	0	0	0	0	0
NORTH DAKOTA 19.....	0	0	0	0	0	0	0	0	0	0
OHIO 20.....	0	0	0	0	10½	0	10½	10½	10½	10½
OKLAHOMA 21.....	6	8	V	U	10	14	0	N	0	10
OREGON 22.....	15½	V	U	N	V	V	U	V	N	V
PENNSYLVANIA 23.....	0	0	0	0	0	0	0	0	0	0
RHODE ISLAND 24.....	0	U	0	0	0	U	0	0	0	0
SOUTH CAROLINA.....	7	7	7	7	7	7	7	7	7	7
SOUTH DAKOTA.....	0	U	12	U	12	12	12	U	12	12
TENNESSEE 25.....	18	18	18	18	18	18	18	18	18	18
TEXAS 26.....	10	10	10	U	10	10	10	10	10	8
UTAH.....	0	0	9	8	0	0	0	0	8	8
VERMONT.....	0	U	0	0	0	0	U	0	0	0
VIRGINIA.....	0	0	0	0	0	0	0	0	0	0
WASHINGTON 27.....	0	0	0	U	0	V	V	V	0	0
WEST VIRGINIA.....	0	8	8	0	10	10	10	0	7	7
WISCONSIN 28.....	0	0	0	0	0	0	0	0	0	0
WYOMING.....	10	10	U	N	10	10	10	N	10	0

23. *also limit*
18- *median 10.9 (18-6) maximum 3rd floor level.*
9- *Variable*

0 — none; U — none issued; N — none authorized; V — various

1 Alabama: 8-8-1 of Alabama code sets 8% statutory ceiling, but respective statutes authorizing particular bonds set various limits, i.e., 2% on sinking fund bonds and rates up to 15% on loans of \$100,000 or more by non-profit corporations, the State Board of Education and trustees of State educational institutions. Bonds of local agencies are exempt from statutory usury limits; bonds of local industrial development boards, public corporations and medical clinic boards are exempt and may bear unlimited rates.

2 Alaska: Ceiling on State bond anticipation notes is 7%, there is no limit on state revenue anticipation notes. No municipal bond or note may bear interest exceeding the legal usury rate which is fixed at four percentage points above the discount rate of the 12th Federal Reserve District. A contract or loan commitment in which the principal amount exceeds \$100,000 is exempt from this limitation.

3 Arizona: Maximum interest rate must be specified on ballot. If political subdivision has authority to issue bonds without an election, there is 9% ceiling. There is \$300,000 ceiling on amount of bonded indebtedness State may incur. On urban renewal notes, the interest is set by each local authority. All authorities have set a limit of 8% or the loan and grant contract rate whichever is higher. Low rent housing rate ratio is set by State Housing Finance Review Board on a case-by-case basis.

4 Arkansas: School District bonds have 7% ceiling. About 20 types of bonds for street and parking facilities, municipally sponsored bonds for waterworks, sewer, parks, recreation agencies, convention centers, and construction and refunding bonds for eight State-sponsored colleges and universities, and county and municipal bonds for hospitals, nursing and rest homes may be issued.

12 Michigan: 13% maximum on municipal bonds and Michigan State Hospital Financing Authority in effect until May 1, 1981, when the interest rate ceiling will revert to 10%. On State bonds, the ceiling is set at the time voters approve the individual authorizations. Currently, there is ceiling on State GO bonds or operating notes with the exception of authorized and unissued resources obligations with a 6% ceiling. State Housing Finance Agency and State college university bonds have no ceiling. Short-term notes of local units have floating interest rate ceiling equal to 70% of the average prime rates of Citibank, Bank of America and First National Bank of Chicago.

13 Minnesota: Effective for local obligations issued after Dec. 31, 1952, the maximum rate is 9%. The maximum rate for special assessment bonds is 13% for obligations issued before Dec. 31, 1982, and 10% thereafter. Industrial revenue bonds are subject to no maximum rate ceiling.

14 Mississippi: State GO highway bonds have no ceiling; school, State port and harbor and Mississippi Memorial Stadium Expansion Bonds have 7% limit. On other GO State bonds, ceiling is fixed by enabling act for each issue. State revenue bonds' interest fixed by enabling act. Local revenue bonds, airport and municipal public utility issues have no limit; hospital bonds have 8% limit; industrial revenue bonds have no limit until June 30, 1980.

15 Missouri: A general law applicable to most political subdivisions requires a public sale for bonds exceeding 10% with 5% discount and has a ceiling of 14% with 5% discount. Development revenue bonds and bonds purchased by the Federal Government are exempt from the public sales requirements. Other statutes contain special interest rates and sales requirements for specific issuers.

16 Nebraska: No state general obligation public debt. As of Aug. 24, 1979, the usury limitation

STATE ADMINISTRATION OF THE HOUSE

HOUSE AMENDMENT TO SB 15 (3rd reading copy)

1. Page 26, line 19.
Following: "Section"
Strike: "18"
Insert: "17"

STATE ADMINISTRATION OF THE HOUSE

HOUSE AMENDMENT TO SB 26 (3rd reading copy)

1. Page 1, line 13.
Following: "~~ITS~~"
Insert: "THE DATE OF"

VISITORS' REGISTER

HOUSE STATE ADMINISTRATION COMMITTEEBILL SB 15Date 3/9/81SPONSOR MAZUREK

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
Bruce MacKenzie	Great Falls	D.A. Davidson & Co	X	
John Conrad	Helena	School Dist. No. 1	X	
Walter G. Graham	Libby, Grange	Big Horn County	X	
		Production Officers	X	
Chas Smith	Helena	Mont Sch Bd, asin	X	
Mike Styche	Helena	MT Assoc of Co	X	
Don McQuinn	Helena	Mont Real Estate	X	
Larry Hays	HELENA	Mont Contractors	X	
John Cudby	"	Mont Bankers Assoc.	X	
Christian	"	MT ASSN of REALTORS	X	
Dave Goss	Bullinger	Chamber of Commerce	X	
Bill Kewell	Helena	City of Helena	X	
Dr. Wm Crowley	"	C. T. Murray & Co	X	
Al Sampson	Missoula	C. of Missoula	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE STATE ADMINISTRATION COMMITTEE

BILL SB 204

Date 3/9/81

SPONSOR S. STEVE BROWN

[illegible]

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VISITORS' REGISTER

HOUSE STATE ADMINISTRATION COMMITTEE

BILL SB 325

Date 3/9/81

SPONSOR S. STEPHENS

[illegible]

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